

November 12, 2007

Ms. Mary Levine  
Acting Director of Legal Affairs  
Michigan State Housing Development Authority  
735 East Michigan Avenue  
Lansing, MI 48909

RE: PROPOSED 2008-2009 MICHIGAN QAP

Dear Ms. Levine:

I would like to once again take this opportunity to express my concerns about the proposed QAP. While many issues have been addressed over the prior month that had represented unusual and unreasonable burdens upon the applicants, many items still remain that will limit the interest in the development of affordable housing within our state. At this time when Michigan's economic climate is clearly in need of stimulus, the proposed QAP provides far too many disincentives for the affordable housing industry to directly invest in our state.

The QAP includes the following features that are perceived as impediments to our clients, and have not been sufficiently explained or detailed by the Authority:

- Insufficient emphasis on preservation and workforce housing;
- Unusual rural-urban designations;
- Extremely burdensome and unrealistic threshold "green amenities" requirements;
- Objectionable market study requirements – while I applaud the fact that the guidelines have been updated for the first time since 2002, I have not received any response from my prior inquiries on this issue when the new guidelines were originally proposed. In some cases the requirements are unduly burdensome, and no explanation has been forwarded for the inclusion of such items;
- Unnecessary targeting of specific neighborhoods within Detroit – it is unclear that some of these areas can actually support the level of development suggested by this targeting;
- The lack of a true "cure" period without any penalty;
- The lack of required site visits for each application;


- The proposal for a state-sponsored market study process. As previously stated, no one within the development community has asked for such a change, and most see such a move as an unnecessary intrusion into the private sector. No detailed plan for such a system has been released, and it is unclear that MSHDA can successfully implement and manage such a process, as it implies that the Authority will essentially direct development on a project by project basis prior to application. As I have indicated in prior public forums, MSHDA already has the mechanisms in place to further regulate the market study process without taking this step. I ask that MSHDA make the same choice that the NY State Housing Finance Agency recently made on this issue. They decided to leave market studies within the private sector, as they felt that such a move would inhibit communication and unnecessarily interfere with the vision of the applicant.

Michigan's current economy lags behind our neighbors in the Midwest and the balance of the nation, and any chance for improvement requires an active role for all types of affordable housing development. I urge MSHDA to remove many of the disincentives that are objectionable to all segments of the development community. The QAP should be a balanced plan for all types of applicants, with incentives to provide the best possible housing for the neediest residents of our state. I once again respectfully ask MSHDA to restore a degree of balance and incentives for all development segments.

Our firm is an active participant for the development of affordable housing in many other states, and as a result I have a strong degree of familiarity with other Qualified Allocation Plans across the nation. Removal of this proposed QAP's most objectionable items will not only maximize interest in affordable housing within Michigan, but restore the degree of reasonableness and fairness that Community Research Services has observed and experienced through other State Housing Agencies.

I once again ask that the Authority please consider the impact of all proposed changes, eliminate disincentives, and provide the opportunities for the affordable housing industry as a whole to stimulate our economy and provide a positive impact upon our neighborhoods and communities here in Michigan.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly J. Murdock", with a long horizontal flourish extending to the right.

Kelly J. Murdock  
Managing Partner